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January 4, 2002

Gloria Blue  
Executive Secretary  
Trade Policy Staff Committee  
Office of the United States Trade Representative  
600 Seventeenth Street, N.W.  
Washington, DC 20508

Re: **Public Comments on Potential Action Under Section 203 of the Trade Act of 1974 With Regards to Imports of Certain Steel: *Comments on What Action the President Should Take Under Section 203 of the Trade Act of 1974, as Amended, With Regard to Imports of Carbon and Alloy Flat Products***

Dear Ms. Blue:

Pursuant to the Notice of Request for Comments (66 Fed. Reg. 54321, October 26, 2001, modified 66 Fed. Reg. 59599, November 29, 2001 and 66 Fed. Reg. 67349, December 28, 2001) on behalf of the Minimill 201 Coalition (Flat Products); Cleveland-Cliffs, Inc.; Gallatin Steel Company; Geneva Steel Company; IPSCO Steel Inc.; Nucor Corporation; Rouge Steel Company; Steel Dynamics, Inc.; WCI Steel, Inc.; Weirton Steel Corporation; and the Independent Steelworkers Union, we hereby submit Comments on What Action the President Should Take Under Section 203 of the Trade Act of 1974, as Amended, With Regard to Imports of Carbon and Alloy Flat Products.

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Should you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Respectfully submitted,

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**SUBMITTED TO THE  
TRADE POLICY STAFF COMMITTEE  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

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**PUBLIC COMMENTS ON POTENTIAL ACTION UNDER  
SECTION 203 OF THE TRADE ACT OF 1974 WITH REGARD TO  
IMPORTS OF CERTAIN STEEL**

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**Comments on Presidential Action Under  
Section 203 of the Trade Act of 1974 With Regard to Imports of  
Carbon and Alloy Flat Products**

Filed on Behalf of:

The Minimill 201 Coalition (Flat Products);  
Cleveland-Cliffs, Inc.; Gallatin Steel Company;  
Geneva Steel Company; IPSCO Steel Inc.;  
Nucor Corporation; Rouge Steel Company;  
Steel Dynamics, Inc.; WCI Steel, Inc.;  
Weirton Steel Corporation; and  
Independent Steelworkers Union

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**CASE CALENDAR**

<b>Request by the U.S. Trade Representative:</b>	<b>June 22, 2001</b>
<b>Prehearing Brief to ITC:</b>	<b>Sept. 10, 2001</b>
<b>Hearing at ITC:</b>	<b>Sept. 17-20, 2001</b>
<b>Posthearing Brief:</b>	<b>Sept. 27, 2001</b>
<b>Submission of Adjustment Plans of U.S. Industry and Producers:</b>	<b>Nov. 5, 2001</b>
<b>ITC Injury Determination:</b>	<b>Oct. 22, 2001</b>
<b>ITC Votes 6-0 (except Tin 3-3) Affirmative on Injury:</b>	<b>Oct. 22, 2001</b>
<b>ITC Holds Remedy Hearing:</b>	<b>Nov. 6-9, 2001</b>
<b>ITC Issues Remedy Opinion:</b>	<b>Dec. 7, 2001</b>
<b>ITC Submissions of Written Opinion to President:</b>	<b>Dec. 19, 2001</b>
<b>Industry Meets with Trade Policy Staff Committee (TPSC):</b>	<b>Jan. 7-11, 2002</b>
<b>Presidential Relief:</b>	<b>February 17, 2002</b>



## **EXECUTIVE SUMMARY**

The record compiled by the Commission supports a strong relief recommendation. Industry deterioration since the end of the Commission period of investigation here (June 31, 2001) confirms the industry's need for a high level of relief on all flat products. Accordingly, we urge the President to adopt the stronger remedy recommendation on flat products from the Commission, *i.e.*, that of Commissioners Bragg and Devaney.

The crisis faced by the domestic minimill and integrated producers alike arises from an unprecedented period of international economic dislocation beginning in 1998 with the extensive financial collapse in Asia, Russia, CIS countries, and Latin America. This dramatic event, which occasioned unprecedented intervention by international monetary agencies, did not arise from any action by U.S. steel producers. Suddenly, steel shipments, initially from Japan, Russia, and Brazil, but later from all over the world, flooded the U.S. market. To the extent foreign economies recovered from their financial distress, those recoveries were based on export growth, much of it sold into the U.S. market. Thus, the U.S. steel industry has borne the brunt of the negative effects of an unprecedented crisis. A steady stream of U.S. producer bankruptcies, most occurring when U.S. steel demand was still growing, bears witness to the enormous nature of this burden.

The fundamentally different reaction of U.S. producers, as compared to foreign producers, to the worldwide decline in steel demand during the past year is also highly relevant. U.S. raw steel production has declined dramatically, while Asian, South American, and CIS production has remained steady or even increased. Moreover, foreign capacity for raw and finished steel production continues

to grow notwithstanding that sales for many of these mills are largely dependent on exports. U.S. steel production efficiencies vary among producers, but the U.S. steel industry overall is highly competitive and more efficient than the foreign producers exporting much of the steel to the United States. With desperately low prices in the Far East (and indeed Europe as well) and expanding foreign capacity for slab and flat-rolled production, the domestic steel industry continues to face a crisis not of its own making.

A forty percent tariff is essential because steel purchasers continue to use ever lower import prices to drive already low U.S. market prices down to the world price level for the inputs they purchase, be they slab, hot-rolled, cold-rolled, coated, or tin mill products. Domestic steel producers need both higher production volumes to reduce costs as well as higher transaction prices. A forty percent tariff serves both these goals and is not extreme. Indeed, application of the tariff to current import prices would not return those prices to pre-crisis levels. While foreign producers denied before the Commission that any tariff, no matter how high, could have the effect of raising U.S. market prices, subsequent events have conclusively refuted the foreign producer assertions. Indeed, just the prospect of relief has led to the beginning of a rally in domestic prices. This is exactly what is needed to put steelworkers back to work in manufacturing dependent communities across America.

The tariff must be applied equally to slab and the various flat-rolled products in order for the remedy to be effective. If converters are permitted to import slab at extremely low prices, flat-rolled prices will not recover. Inclusion of slab is critical as slab import prices continue to fall. The domestic industry possesses sufficient slab capacity to supply any converters who wish to avoid the tariff by

purchasing domestically. Importantly, nothing distinguishes the slab converters from other U.S. processors of steel feedstock. As the remedy hearing before the Commission established, steel processors who import hot-rolled or cold-rolled would also like to be exempted from coverage under the tariff. Just as hot-rolled and cold-rolled should not be excluded from the remedy, the President should not fatally compromise the remedy by providing special treatment to slab importers.

Geneva Steel's temporary closure provides the most dramatic evidence possible of the absolute necessity of a forty percent tariff on slab. Absent this relief, Geneva's closure will likely be permanent. Geneva was a significant commercial supplier of slab throughout its history prior to the import crisis and is also a natural slab supplier to the West Coast from a geographic perspective. Geneva is a low cost slab producer, needing only reasonable prices to be successful. Geneva had been steadily cutting its slab prices to slab-dependent California Steel Inc ("CSI") to maintain Geneva's sales volume, but in the first quarter 2001 import slab prices fell below Geneva's marginal cost of production and Geneva could cut prices to CSI no further. The collapse of purchase volume from CSI was a critical factor in the shut-down of both of Geneva's blast furnaces. Geneva furnaces are on hot-idle and could be restarted in a short period of time if slab orders were placed. Absent relief, it is virtually certain that Geneva will not be able to maintain even hot-idle operations and the furnaces will be permitted to go cold. It is important to recognize that while Presidential relief in the form of a high tariff on slab is absolutely essential to Geneva's immediate survival, such relief is equally essential to necessary investment in maintaining blast and electric furnaces throughout the United States. Nothing less than the fundamental nature of the U.S. steel industry is at stake. The alternative of a tariff rate quota, recommended by

some Commissioners, would hasten the trend of turning the U.S. industry into one of steel converters, not steelmakers.

U.S. industry restructuring may be part of the President's overall strategy for dealing with the steel crisis in this country, but the relief here should be focused on the import problem. Imports have had extreme negative effects on even the most efficient producers (such as Nucor and SDI). Moreover, it is far from clear that encouraging mergers into larger producers is good policy. Indeed, if the experience of the highly concentrated U.S. industry of the 1950s (which experienced steady price and labor cost increases but little technical innovation) or the current experience of European producers (such as Corus<sup>1</sup>) is any guide, consolidation into bigger companies is not the only answer. Rather, innovation and efficient production is the key. Similarly, the suggestion of certain steel users that it is producers with small blast furnaces that are the domestic industry's weaker members is simply wrong. Two companies, LTV and Bethlehem, which ranked among the largest blast furnaces in the United States, are in the most dire financial distress. In contrast, several companies with small blast furnaces, Weirton, Rouge and WCI, continue to survive without resort to Chapter 11. In sum, the relief provided should focus on fostering development of the most modern and efficient facilities so that the industry is better able to compete at the end of the period of relief. Tariff relief from ruinous import pricing for a period of four years is the answer.

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<sup>1</sup> Dutch unions are challenging Corus as to why Corus continues to be unprofitable two years after the merger with Hoogovens. "Workers revolt?" *Metal Bulletin* (10 December 2001) at 12. Corus' first half 2001 operating loss was \$200 million which follows a \$1.1 billion loss for the 15 months ended December 31, 2000. *Id.*

The existence of Title VII relief on some products should not be used as a reason to weaken relief. The section 201 investigation was necessary precisely because Title VII relief was inadequate to address the crisis in the U.S. steel market. Product shifting and source country shifting, in addition to continued substantial underselling by imports, demanded a comprehensive solution. Moreover, antidumping relief is severely compromised at present by world steel prices which are below U.S. levels. We also note that foreign producers readily admit that they routinely absorb low antidumping margins thereby nullifying the intended price impact of antidumping relief. In addition, the growth in input dumping to support increased exports of downstream products to the United States is not addressed by Title VII. Most fundamentally, Title VII relief could not combat the extraordinary pressure to export to the United States created by the Asian and Latin American financial crisis and its lingering effects. U.S. producers need a four year period of relief as a timeout from the extraordinary burden they have been forced to shoulder.

In sum, it is not hyperbole to say that the future of the U.S. steel industry rides on the President's decision. We urge the President to adopt the remedy recommendation from the Commission proposed by Commissioners Bragg and Devaney.

**I. STRONG RELIEF IS WARRANTED AND SHOULD BE PROVIDED TO ALL FLAT PRODUCTS, INCLUDING SLAB, AS A GROUP**

**A. Flat Products Are Closely Related In Processing and Have Dependent Market Relationships**

Slab imported into the United States is processed into downstream products and is not imported for resale as slab. Thus, while slab imports certainly compete with the domestic production of

slabs for commercial sale, slab imports more broadly compete with the domestic producer shipments of hot-rolled and other downstream products. Thus the Commission noted that "slab is dedicated for use in producing the next stage steel, hot-rolled steel, whether produced as sheet, strip, or plate."<sup>2</sup> In other words, slab is the "core product" from which carbon and alloy flat products are produced.<sup>3</sup> "Hot-rolled is the main raw material used in the production of cold-rolled,"<sup>4</sup> which in turn is the main raw material used in coated and tin products.<sup>5</sup> Moreover, the primary use of both hot-rolled and cold-rolled is as feedstock. "The majority of hot-rolled steel is further processed into cold-rolled steel . . . . The majority of cold-rolled steel also is used as the feedstock for further processing into coated steel, with smaller amounts further processed into tin mill products or GOES."<sup>6</sup>

Beyond the physical relationship, there is also a clear relation among flat products at a corporate management level involving production, financial, and employment decision-making which strongly militates toward grouping all the flat products together, including slab. Domestic and foreign producers, either directly or through affiliated facilities, produce the full line of flat products and make

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<sup>2</sup> *Steel*, Inv. No. TA-201-73, USITC Pub. 3479, Vol. 1: Determinations and Views of Commissioners (December 2001) at 38 (Views of the Commission); *see id.* Vol. 2: Information obtained in the investigation ("Staff Report" or "SR") at FLAT-1 ("All slabs are considered semifinished steel products").

<sup>3</sup> SR at FLAT-53; *see also* SR at O-10 through O-11, and O-12 (Figure O-2). Indeed, "the demand for slabs is influenced by the demand for downstream flat products such as hot-rolled, cold-rolled, and coated." SR at FLAT-51.

<sup>4</sup> As detailed in the Staff Report, slab is transferred to a rolling mill and passed through one or more sets of revolving rolls which reduce the thickness of the semifinished form. Product that is allowed to cool and then subjected to another rolling is referred to as cold-rolled (which improves strength and surface quality). SR at O-10.

<sup>5</sup> SR at FLAT-60. Coated products are simply flat-rolled with a metallic or nonmetallic coating, often zinc to produce galvanized. *See* SR FLAT-3. Tin mill products are simply flat-rolled plated or coated with tin or chromium. *Id.* at FLAT-4.

<sup>6</sup> *Steel* at 38 (Views of the Commission).

production allocation decisions among those products. In response to the Commission's request, domestic producers SDI and IPSCO provided documentation of production allocation decision-making.<sup>7</sup> The Commission properly found that: "The interrelationship between the production processes and integration of the producers demonstrates that the market for each type of certain carbon flat-rolled steel is not isolated, but directly affected by the markets across the spectrum of types of certain carbon flat-rolled steel."<sup>8</sup>

U.S. producers face imports from an array of source countries and involving products all along the slab to tin mill product continuum. With restrictions on hot-rolled in place in many important markets, excess hot-rolled production can be shifted to downstream flat-rolled products (as well as pipe and tube products), particularly because there is plenty of capacity to produce downstream products. Increased investment in downstream facilities by foreign producers means that the ability to change the source (and increase the volume) of products downstream from hot-rolled will only increase

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<sup>7</sup> The Commission specifically noted IPSCO's "optimum output computer program used to allocate production and sales across {IPSCO's} range of flat-rolled products." *Steel* at 42 (Views of the Commission). The recent joint cold-rolled antidumping questionnaire response jointly filed by Brazilian producers USIMINAS and COSIPA further confirms this close relationship between flat products when it states:

USIMINAS produces all of its products at a single location {which} is an integrated steel mill incorporating all stages of steel production, from coke ovens to final rolling and galvanizing. . . . USIMINAS is not organized along product lines. That is, separate departments or subsidiaries for cold-rolled products do not exist because, in many cases, products may have several applications. Hot-rolled products, for example may be produced either for sale as such or for further processing into cold-rolled products. Cold-rolled products, in turn, may be produced either for sale as such or for further processing into galvanized products. USIMINAS, therefore, has a single operating department for all products produced . . . .

USIMINAS/COSIPA, Cold-Rolled Section A Response (Dec. 17, 2001) at A-2. The COSIPA situation is the same, as COSIPA operates "a single integrated mill complex . . . and is not organized along product lines." *Id.* at A-3.

<sup>8</sup> *Steel* at 42 (Views of the Commission).

in the near term.<sup>9</sup> Of course, foreign producers can also shift into the upstream product -- slab, particularly as many U.S. producers who have shut down facilities or blast furnaces search for ways to stay competitive with prices of imported finished products. Slab is the base product for all flat products, and without restrictions, the steel industry will become, at best, one of steel converters.

**B. Minimills and Integrated Producers Alike Suffered the Impact of Unprecedented Volumes of Imports**

The U.S. steel market was seriously injured by the wave of imports occasioned by the Asian and Latin American financial crisis and the earlier economic turmoil in Russia and CIS countries.<sup>10</sup> Asian economies have never recovered from this event and the serious impact of imports on U.S. producers continues. Thus, the Commission noted that the "depreciation of several Asian currencies in late 1997 and early 1998 significantly curtailed steel consumption in those countries and created a pool of steel seeking alternative markets."<sup>11</sup> Moreover, the "dissolution of the USSR led to significant increases in steel exports to the United States from former USSR countries."<sup>12</sup> To the extent foreign economies have recovered, that recovery has been based on increased exports. The extraordinarily long period of increased steel demand in the United States permitted the United States to support

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<sup>9</sup> This downstream investment sometimes is in the United States. Thus, CSN acquired Heartland's cold-rolled facilities as a conduit for its hot-rolled production and is interested in LTV's hot-rolling mills as an outlet for CSN's slab production and to hot-roll for Heartland. "Renaissance, CSN seen likely suitor for some LTV assets," *American Metal Market* (December 18, 2001) at 12.

<sup>10</sup> SR at O-17-19. For example, during the Asian financial crisis, steel consumption in Indonesia, Korea, Malaysia, the Philippines, and Thailand together fell by 29.6 million tons during 1997-98, with the largest decline occurring with respect to Korean finished steel consumption, 14.5 million tons. SR at OVERVIEW-17.

<sup>11</sup> *Steel* at 58 (Views of the Commission) citing OVERVIEW-17.

<sup>12</sup> *Id.* citing OVERVIEW-18.



recoveries in Asia, although at a high cost to its own domestic steel industry. Rather than earning high profits during period of high demand, the domestic industry price increases were limited by the high volume of imports.<sup>13</sup> "[D]omestic prices began to fall markedly beginning in 1998, and were at much lower levels in 1999 and 2000 than earlier in the period."<sup>14</sup> The Commission noted that **"imports that entered the U.S. market between 1998 and 2000 were generally significantly lower-priced than in the earlier years of the POI. These price decreases were sharp and generally unrelated to overall demand in the U.S. market, which steadily increased even as prices fell."**<sup>15</sup>

To avoid losing volume in 1999 and 2000, domestic producers "sought to protect market share against further import penetration by competing aggressively against imports on price."<sup>16</sup> For hot-rolled, the highest volume product, market prices went into a "collapsed state" and by November of 2000, prices were at \$230 per ton.<sup>17</sup> At the end of 2000, the industry was suffering through the lowest prices for hot-rolled in over 25 years, prices which were lower than prices during the depths of the crisis of 1998

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<sup>13</sup> As Commissioner Bragg noted in her separate views, imports played a fundamental role in "depriving domestic producers of the ability to at least preserve if not strengthen resources during a period of growing demand, and thereby improve efficiencies to prepare for the inevitable downturn in the business cycle." *Steel* at 269-270 (Separate Views on Injury of Commissioner Lynn M. Bragg).

<sup>14</sup> *Steel* at 51 (Views of the Commission).

<sup>15</sup> *Steel* at 60 (Views of the Commission) (emphasis added).

<sup>16</sup> *Id.* at 61 (footnote omitted).

<sup>17</sup> *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-404-408 and 731-TA-898-908 ("*HR II*"), Staff Conf. Tr. 39 (Szymanski, U.S. Steel). Indeed, prices "dropped faster and further in the third and fourth quarter of {2000} than they did in the same period of 1998." *HR II*, SC Tr. 25 (Busse, SDI). SDI's sales values were "\$20 per ton lower than the lowest sales prices {SDI} experienced in late 1998." *Id.* Indeed, steel companies were "having to price on a marginal cost basis simply to generate much needed cash." *HR II*, SC Tr. 37 (Conrad, Bethlehem).

and 1999, yet prices continued to drop in 2001. The Commission's review of the largely confidential product specific price data showed that imports were priced below domestically produced steel, and that imports led to the decline in prices.<sup>18</sup> The Commission publicly noted that "significant dips in imports prices garnering historically large sales volumes, followed by sharp cuts in domestic prices, occurred for cold-rolled products . . . ."<sup>19</sup> When demand in the United States cooled in late 2000, imports continued to arrive in the United States at ever lower prices.<sup>20</sup>

The allegations of foreign producers that price competition between integrated producers and U.S. minimills caused U.S. market prices to fall has been extensively investigated several times by the Commission, including in the first and second hot-rolled cases, as well as in the section 201 investigation. Each time the record has conclusively demonstrated that "imports, rather than minimills, typically led prices downward."<sup>21</sup>

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<sup>18</sup> *Steel* at 61 (Views of the Commission).

<sup>19</sup> *Id.* at 61-62 citing INV-Y-212 at Tables FLAT-ALT70 and FLAT-ALT71.

<sup>20</sup> The Commission specifically rejected the notion that U.S. market demand declines were the cause of injury to the domestic industry. The Commission noted that "the domestic industry was already injured by increased imports when demand began to decline . . . ." *Steel* at 63 (Views of the Commission).

<sup>21</sup> *Steel* at 65 (Views of the Commission); see *HR II*, USITC Pub. 3446 (Final) (August 2001) at 22. As the CEO of USS stated at the hearing that: "It was **not Nucor** and it was **not AK** that we were having to meet out there. . . . **The competition that was significantly decreasing the price** for our customer base that we had to decide whether to meet or not meet **was foreign imports**. In some cases we passed on it, in other cases we were probably more aggressive than we had been in the previous cycle because that was business we lost and didn't get back." *HR II*, Hearing Tr. 142 (Usher, USS). Thus, when in March 2000 U.S. Steel announced a price increase of \$20 per ton (effective July 2000), USS "was immediately told by numerous customers that they were receiving **offers of imports** for third quarter arrival" that were "well below" USS's current prices. *HR II*, Tr. 82 (Szymanski). "**And it was not just one customer, one market segment, but it was many of them.**" *HR II*, Tr. 128 (Usher).

As a result of the declining import prices, the "reasonable operating profits" earned by the industry in 1996 and 1997 "turned to losses in 1999 and 2000, as well as in the first six months of 2001."<sup>22</sup> As noted by Commissioner Bragg, "sharp declines in the performance . . . are also apparent on an individual company basis for nearly every domestic producer {which} underscores the broad level of injury sustained by this domestic industry over the period of investigation."<sup>23</sup> The Commission found that the inability of a "significant" number of producers to operate at a reasonable level of profit was found to be "{m}ainly due to falling prices" in the U.S. market.<sup>24</sup>

Since December 1997, 11 flat products producers (and 25 producers overall) have sought the protection of the bankruptcy courts, including prominent and efficient flat-rolled producers.<sup>25</sup> "These producers included integrated producers producing most or all of the types of flat-rolled steel (*e.g.*, Gulf States, LTV, Geneva, Wheeling-Pitt), minimills (*e.g.*, Trico), and more specialized producers (*e.g.*, Acme Metals, Heartland Steel, Great Lakes Metals, WorldClass Processing).<sup>26</sup> Import competition has created an environment where producers can be forced to close even though their

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<sup>22</sup> *Steel* at 51.

<sup>23</sup> *Steel* at 282 (Separate Views of Commissioner Bragg).

<sup>24</sup> *Steel* at 53 (Views of the Commission). Operating losses for domestic producers were 0.7 percent of sales in 1999, 1.4 percent of sales in 2000, and 11.5 percent of sales in the first six months of 2001. *Id.*

<sup>25</sup> *Steel* at 51 (Views of the Commission); *see also* SR at OVERVIEW-37.

<sup>26</sup> *Steel* at 51 (Views of the Commission).

production methods are more efficient and they are much closer to the market than the import competition.<sup>27</sup> Imports have also precluded promised modernizations.<sup>28</sup>

Some bankruptcies have progressed into closure and asset sales. Most recently, LTV continues to move forward with its shut-down, with 2,900 more workers laid off and LTV operating with only a skeletal workforce. LTV's east side Cleveland Works and Indiana Harbor Works in East Chicago are scheduled to be auctioned on February 27, 2002.<sup>29</sup> The shut-down of LTV follows U.S. Steel's August 14, 2001 announcement that it would permanently close the remaining cold-rolling and tin mill facilities at its Fairless Works.<sup>30</sup>

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<sup>27</sup> LTV's bankruptcy and closure of Cleveland West is an excellent example of this import impact. It is important to recognize that this facility was relatively new, only seven years old. The Staff Report notes that by the year 2000, with continued implementation and the shut-down of obsolete ingot casting facilities, over 97 percent of steel produced in the United States was continuous-cast. SR at O-20. The five percent of the world's production made in open hearth furnaces is certainly inefficient. The fifteen percent of foreign production that is non-continuously cast is not necessarily inefficient, but certainly LTV's continuous cast DHCC compared favorably to such capacity.

<sup>28</sup> For example, Ispat Inland has delayed indefinitely plans to switch about half of the integrated mill's steelmaking capacity, about 3 million short ton, to the electric furnace production. Ispat International chairman, Lakshmi Mittal, outlined the electric furnace project last year, but no significant work on the project ever started. In a deal with the United Steelworkers Union, Ispat Inland had agreed to maintain steel production at the Chicago area plant instead of bringing in slabs from Ispat Mexicana as a replacement of aging hot metal capacity. The steelmaker had plans to install two electric furnaces -- which had been projected to begin operating next year -- to replace the blast furnaces that would shut down as they wore out. "Weak market forces Ispat to shelve electric furnace plans," *Metal Bulletin* (31 May 2001) at 19; see also *Metal Bulletin* (22 May 2000).

<sup>29</sup> Notice of Proposed Sale of Certain Integrated Steel Assets of LTV Steel Company, Inc., U.S. Bankruptcy Court, Northern District of Ohio, Eastern Division, Case No. 00-43866 (December 7, 2001).

<sup>30</sup> Fairless was capable of making about 1.5 million tons of cold-rolled and tin mill products annually. This action was taken notwithstanding the concessions by workers and upgraded facilities. Previously, U.S. Steel had shutdown its Aliquippa, Pennsylvania tin mill operations it purchased from LTV Corporation in the fall of 2000. The combined loss of tin mill capacity is approximately 1 million tons. Only the hot-dip galvanizing line will continue to operate, subject to market conditions. "U.S. Steel to shut C-R, tin facilities at Fairless," *American Metal Market* (August 15, 2001) at 1. The company stated that the financial impact of shutdown will be taken during the second half 2001. *Id.* at 12.

In sum, the record compiled to by the Commission strongly supports the finding that "the causal link between increased imports and the injury to the domestic industry is clear."<sup>31</sup> Moreover, the key aspect of injury to be remedied is the extreme price competition from imports. **C. A Forty Percent Tariff On Flat Products Is Necessary**

**1. The tariff remedy is the most effective mechanism for achieving the objectives of the adjustment plans.**

A tariff is an appropriate remedy because it directly and equitably addresses the injury caused by imports. Imports have caused the negative price effects that injured all domestic producers, both minimills and integrated producers alike. As noted at the remedy hearing "Some of those {companies} that had legacy problems had shorter margins, but nonetheless, they had margins. I think the problem squarely is the avalanche of unfairly traded and injurious steels that came in at record levels. And I think that's the problem that has to be solved. I think a tariff will solve those problems."<sup>32</sup> Thus, the overriding and most important reason to choose the forty percent tariff recommended by Commissioners Bragg and Devaney as the appropriate remedy is that it is the option which has the best chance of providing effective relief.<sup>33</sup> A forty percent tariff is necessary to meet market impact goals.<sup>34</sup>

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<sup>31</sup> *Steel* at 62 (Views of the Commission). The Commission was evenly divided on the issue of serious injury to the tin mill industry. Commissioner Miller found increased imports of tin mill products are a substantial cause of serious injury. *Id.* at 74 n.402 and *Separate and Dissenting Views of Commissioner Marcia E. Miller on Injury with respect to Tin Mill Products* as well as the separate views of Commissioner Bragg and Commissioner Devaney on injury. Tin mill products are downstream products that are highly processed, with much lower demand volume than the upstream flat products. Tin mill products face severe price and volume competition from imports. We urge the President to adopt the separate injury views of Commissioners Bragg, Devaney and Miller as respects tin mill products. Data on increased imports and their impact on the domestic industry is provided in Appendix.

<sup>32</sup> Remedy Hearing (Nov. 6, 2001) Tr. 145-146 (Busse, SDI).

<sup>33</sup> There are important and well-established reasons to prefer a remedy in the form of a tariff rather than a quota. *See* Remedy tr. 355 (Commissioner Hillman referring to the *Wheat Gluten* case). *See* Remedy tr. 355 ("I can go through a

Importantly, the tariff remedy provides both short and longer term relief. Moreover, the tariff has both a volume and price effect.

Immediate and near-term relief is essential to the industry. A tariff is the most effective approach to immediate relief because it both limits import volume, permitting U.S. producers more efficient operating rates, and provides "some immediate price relief."<sup>85</sup> The tariff's immediate effect will be to permit producers "to dig {themselves} out of the hole that {they} have been in now for 18 months, to invest back in the infrastructure that we haven't been able to. . . . So that's our first priority, {to} get the mill back in shape."<sup>86</sup> Thus, immediate relief is needed to facilitate "investment in maintenance type activities just to keep even."<sup>87</sup>

As the testimony of steel users established, the domestic industry remains under tremendous price pressures from imports. Indeed, U.S. market prices have not stabilized, but are headed lower as the Consuming Industries Trade Action Coalition ("CITAC") members and other purchasers seek to

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thousand reasons why as a general matter the view is that tariffs are to be preferred over quotas. . . ."). Enforcement and compliance issues with quotas that also militate toward tariffs. Finally, as noted by Commissioner Bragg, the central concern in considering relief is the relationship between the proposed remedy and the need to protect productive resources as well as provide for orderly adjustment to imports. *See* Remedy tr. 249. That relationship militates strongly toward adoption of a forty percent tariff.

<sup>34</sup> As noted by Mr. DiMicco, "to be quite frank with you, the 201 is not a cure-all and end-all. . . . It's the best we have to deal with the situation, but it's not perfect. And that's all the more reason for us to go after the maximum remedy with an imperfect solution." Remedy tr. 187.

<sup>35</sup> *See* Remedy tr. 124 (Usher, USS); Remedy tr. 129 ("tariffs have an immediate effect on price").

<sup>36</sup> Remedy tr. 208 (Walker, Weirton).

<sup>37</sup> Remedy tr. 208 (Conrad, Bethlehem). Industry capital expenditures in 2000 were 35.0 percent below the 1996 level. *Steel* at 54 (Views of the Commission) citing INV-Y-209 at Table FLAT-ALT7. Capital expenditures declined 24.5 percent between interim 2000 and interim 2001. *Id.* citing INV-Y-212 at STL201FT.WK4.

drive the U.S. market price down to world price levels. Thus it was noted that "the cost and price of steel produced as cold-rolled sheet . . . is up to \$100 a ton higher {in the United States} than other countries."<sup>38</sup> CITAC submitted an exhibit to the Commission "which shows that U.S. steel prices, as low as they may be historically, are still higher than they are elsewhere in the world. That's what's important."<sup>39</sup> Thus CITAC established that the U.S. market will remain a magnet for foreign steel and that U.S. market prices will be dragged lower. These steel users frankly admitted their intention to drive U.S. prices lower using import offers.<sup>40</sup> The most recent import data show import prices moving lower. Hot-rolled prices have languished at the \$220-\$240 per ton level for nearly a year, down from about \$320 to \$340 per ton in early 2000.<sup>41</sup> Prices for hot-rolled are down to about \$210 per ton with some service centers mentioning offers as low as \$190 per ton. Prices for cold-rolled and coated sheet are at about \$280 per ton.<sup>42</sup> Even CSI's Mr. Goncalves says that current prices for cold-

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<sup>38</sup> Remedy tr. 279 (Suter, Emerson Electric). "Asian steel prices are \$100 or more below U.S. steel prices. . . ." Tr. 338 (Suter, Emerson Electric). Russian and Ukrainian cold-rolled coil is currently being sold at \$250-\$260 per tonne c&f in the Asian markets while U.S. producers are attempting to maintain prices of \$360-\$370 per tonne for cold-rolled. "Global cuts needed to lift cold rolled prices," *Metal Bulletin* (22 October 2001) at 39. Traders of steel in Latin America report Japanese hot-rolled prices to South America of \$190 per tonne f.o.b. with lower quality producers much discounted, with Ukraine hot-rolled at about \$145 per tonne and Russian at about \$160 per tonne.

<sup>39</sup> Remedy tr. 336-337 (Leibowitz).

<sup>40</sup> Remedy tr. 349 (Suter, Emerson Electric) ("we basically buy domestically, but the imports help to keep the price in line").

<sup>41</sup> See "Steel Dynamics favors hot-rolled sheet boost: Busse supports move by Nucor," *American Metal Market* (December 6, 2001) at 12.

<sup>42</sup> "Slumping steel looking for '201' help, '02 pickup," *American Metal Market* (October 31, 2001) at 1.

rolled are "ridiculous."<sup>43</sup> The public data also show surging low-priced tin mill imports from Brazil, South Korea, and Taiwan and most recently China.<sup>44</sup>

The hot-rolled coil market in East Asia is continuing its slide toward the crisis levels of three years ago. Russian hot-rolled is now selling into the East Asian market as low as \$175-\$180 per tonne c&f with a further \$5 drop possible.<sup>45</sup> Ukrainian hot-rolled is being quoted at \$165-\$168 c&f. Japanese hot-rolled is selling at around \$210 c&f East Asia. Low demand continues and traders believe prices may fall \$5 to \$10 more to the lowest level of the Asian financial crisis. Two Russian mills have reportedly offered cold-rolled coil to certain markets (non-East Asia) at around \$220 per tonne c&f, or less than \$200 fob.<sup>46</sup>

Moreover, demand in Europe is now expected to decline even more than was recently forecast. The European Confederation of Iron and Steel Industries ("Eurofer") has revised down its steel consumption forecast for the first quarter 2002 amid signs that the economic slowdown is worse than expected. Real consumption of steel is now expected to decline 22 percent compared with the first three months of 2001. (The previous forecast was for a 0.5 percent decline.) Apparent consumption is expected to slide 7.7 percent compared with a previous forecast of a 1.5 percent

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<sup>43</sup> "Low slab prices hit comfortable point for CSI," *American Metal Market* (November 1, 2001) at 12.

<sup>44</sup> See Remedy tr. 104 (Walker, Weirton) (imports from China are increasing dramatically) and Table 13.

<sup>45</sup> "Pressure mounts on East Asia HR prices," *Metal Bulletin* (26 November 2001) at 34.

<sup>46</sup> *Id.*



decline. Eurofer noted that all economic institutes have been revising their forecasts downward.<sup>47</sup> EU exports are projected to fall with particular weakness in Asian and South American markets, in addition to the anticipated decline in the U.S. market.<sup>48</sup>

Before the Commission, foreign producers insisted that even the maximum tariff would not result in any increase in U.S. market prices. Yet just the prospect of relief has led to domestic industry efforts to stop the decline in U.S. market prices and institute price increases in early 2002 notwithstanding continued weak demand. Thus SDI has supported Nucor's move to increase hot-rolled prices by \$20 per ton for the first quarter 2002.<sup>49</sup> Nucor announced in a letter to customers on December 10th that it would raise prices on plate by \$20 per ton effective immediately. The Nucor move followed a similar announcement in early December by IPSCO and other plate manufacturers.<sup>50</sup> U.S. Steel led in rising base prices by 3.25 percent for tin mill products effective January 2, 2002 (informing customers on November 9). Weirton Steel Corp. and Wheeling-Pittsburgh Steel followed shortly and Bethlehem announced similar increases on November 20.<sup>51</sup> Price increases are possible

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<sup>47</sup> "Eurofer revises demand outlook," *American Metal Market* (December 14, 2001) at 3.

<sup>48</sup> *Id.*

<sup>49</sup> See "Steel Dynamics favors hot-rolled sheet boost: Busse supports move by Nucor," *American Metal Market* (December 6, 2001) at 1. This price announcement was a direct assault on the continuing declining prices in the U.S. market. As noted by steel buyers, purchase prices for the first quarter 2002 on the West Coast were \$5 to \$10 per ton less than fourth quarter prices. See "Steel Dynamics favors hot-rolled sheet boost: Hikes won't fly on West Coast," *American Metal Market* (December 6, 2001) at 1. The primary problem is that service centers can still easily meet spot demand from inventory. *Id.* The effort by minimills to raise prices is directly contrary to the repeated false claims of CSI that minimills are the cause of price declines on the West Coast.

<sup>50</sup> "Nucor joins '\$20/ton plate increase,'" *American Metal Market* (December 12, 2001) at 12; "Bethlehem pushing hike on plate," *American Metal Market* (December 19, 2001) at 12.

<sup>51</sup> "Better late than never as US mills raise tinplate prices," *Metal Bulletin* (26 November 2001) at 29.

because a practical deadline for import deliveries has been established in the market.<sup>52</sup> The success of the announced price increases depends on whether relief is ultimately granted, which will stop the continuing influx of imports at ever declining prices.

The forty percent tariff needs to be implemented by the President to forestall further use of import prices to depress U.S. market prices and to create the conditions for a successful price increase. The forty percent tariff is not an extreme remedy. As noted at the hearing, even the maximum "50 percent tariff against a \$200 price is only going to yield a hundred dollar's worth of relief. And that wouldn't get you back to pre-crisis levels."<sup>53</sup> Nevertheless, "the 50 percent tariff . . . would have a very meaningful effect on prices."<sup>54</sup> "In normalized market conditions, a tariff would cause prices to move up more aggressively."<sup>55</sup> In the current market conditions, "prices would move up. . . but it won't be as aggressive as it could be when you're not in a recessionary period."<sup>56</sup>

A forty percent tariff is appropriate because the upward price effect is muted by several factors. Thus, while domestic producers must match import price declines dollar for dollar,<sup>57</sup> a tariff on imports

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<sup>52</sup> "February 16th is the deadline, you can't book for February 20 delivery." "US traders bridle as they await 201 whip," *Metal Bulletin* (6 December 2001) at 19.

<sup>53</sup> Remedy tr. 170 (Busse, SDI).

<sup>54</sup> Remedy tr. 172 (Busse).

<sup>55</sup> Remedy tr. 170 (Busse).

<sup>56</sup> Remedy tr. 172 (Busse). "Don't just look at the tariff as being a straight translation into market price. Instead, the financial benefit to my company will come importantly from the productivity gains and the volume gains, as well as the price gains." Remedy tr. 169 (Miller, Bethlehem).

<sup>57</sup> Domestic producers must reduce prices dollar for dollar to get a sale from a customer when the customer is using import prices as the benchmark. Remedy tr. 164-165 (DiMicco, Nucor).

will not raise U.S. market prices dollar for dollar. One important reason was noted by respondents' economist; "when you put a tariff on in the standard ITC models and most models the foreign firm does try to absorb some of that tariff."<sup>58</sup> Thus, the forty percent tariff is important because foreign producers and their affiliated importers "will eat those duties if you don't have sizable duties on it."<sup>59</sup> But regardless of whether the tariff is absorbed or not, the effect of the tariff is to increase the pressure for higher prices. Moreover, whether or not the domestic industry achieves a quick price restoration, the impact of the tariff remedy will be to halt the continuing downward price spiral created by imports and worldwide over-production.

The industry also needs the maximum period of relief because significant capital investments in production improvements require time. "Most of those things will be three or four {years} before they will actually pay off. That's why we're asking for the maximum time."<sup>60</sup> Permitting depressed prices to recover as quickly as possible ought to be an important goal of relief and a tariff is the quickest, most effective means to achieve this goal. As detailed more fully below, a tariff-rate-quota on slab that is essentially equivalent to peak import levels, fails to serve a remedial purpose.

## **D. Slabs Should Not Be Treated Differently**

### **1. Differentiation of slab vitiates relief.**

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<sup>58</sup> Remedy tr. 361 (Prusa).

<sup>59</sup> Remedy tr. 174 (DiMicco, Nucor).

<sup>60</sup> Remedy tr. 209 (DiMicco, Nucor). "Major investments in the steel industry take anywhere from one to three years to actually plan, construct, and implement. So there is a significant period of time which is required before such projects first, can be started; secondly, get implemented; and third, start to generate the returns." Remedy tr. 156-157 (Meitzner, Bethlehem).

Flat-rolled prices cannot significantly improve without restrictions on low priced slab imports.

As Commissioner Bragg noted, **"slab represents the largest percentage of raw material costs of producing downstream flat products and the highest percentage of capital costs for those entities that produce both slab and downstream products."**<sup>61</sup> Moreover, the Commission noted that "domestic slab importers acknowledged that slab prices are solely a function of downstream prices for hot-rolled steel and cold-rolled steel, which would suggest a strong cross-price effect between these types of steel."<sup>62</sup>

The domestic industry is not simply concerned with the potential surge in slab imports. Rather, the entry of slab imports at low prices injured the domestic producers of slab and flat-rolled products. The data collected by the Commission indicate U.S. commercial slab shipments declined substantially over the POI from 696,697 tons in 1996 to 432,617 tons in 2000.<sup>63</sup> The decline in the interim period is especially dramatic, with commercial shipments falling to just 33,296 tons in interim 2001 as compared to 227,386 tons in interim 2000, a decline of 85.4 percent.<sup>64</sup> Thus, domestic slab industry merchant shipments are virtually disappearing in the face of increased imports. The unit value of

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<sup>61</sup> *Steel* at 272 (Separate Views on Injury of Commissioner Bragg) (emphasis in original).

<sup>62</sup> *Steel* at 43 (View of the Commission).

<sup>63</sup> SR at FLAT-16 (Table FLAT-12); Table 1. At the same time imports by AK Steel, California Steel Duferco Farrell, and Oregon Steel accounted by the entire increase in slab imports from 1996 to 2000. "Imports by these companies increased 1,465,000 tons from 1996-2000, all other imports {steel companies importing slab} declined 502,000 tons during this period." Posthearing Brief of AK Steel, California Steel, Duferco Farrell, and Oregon Steel (Oct. 1, 2001) at 59 (emphasis in original).

<sup>64</sup> SR at FLAT-16 (Table FLAT-12); Table 1.

commercial slab shipments fell from \$248 per ton in 1996 to \$205 per ton in interim 2001 and yet these extremely low prices were not low enough to maintain slab sales.<sup>65</sup>

Import slab prices continue to fall. For example, fourth quarter 2001 slab purchases negotiated by CSI average \$176 per tonne, delivered to Los Angeles, or \$7 per tonne under the third quarter.<sup>66</sup> CSI's Lourenco Goncalves was quoted as stating that: "On an f.o.b. basis, the price has already crossed the magic line of \$150 per tonne," and has reached a point where prices are "good enough for us to be a little more aggressive in buying." CSI's three major slab suppliers are Cia Siderurgica de Tubarao (CST) of Brazil, BHP of Australia, and Ispat Mexicana of Mexico. All three are providing extremely low-priced slabs.<sup>67</sup> In addition, it is certain that CST is dumping slab in the United States at below CST's production costs.<sup>68</sup> CST was quoted as stating that its "international market prospects are favorable in volume terms because international steelmakers, particularly in North America, have continued to display strong demand for CST's slabs." Moreover, CST's entire production in the third quarter was exported, with increasing shipments to the United States (54 percent of CST's total sales

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<sup>65</sup> *Id.*; see also discussion at page 3 *supra*.

<sup>66</sup> "Low slab prices hit comfortable point for CSI," *American Metal Market* (November 1, 2001) at 1.

<sup>67</sup> See SR at FLAT-8 (Table FLAT-4); Table 2. Indeed, the unit value of slab from Australia in the first three quarters of 2001 was \$164 per ton which has fueled a significant growth in slab exports from this country.

<sup>68</sup> CST is the world's largest slab supplier to the merchant market. CST produces only slab and posted a third quarter net loss of \$38.3 million. "CST joins other Brazilian mills in polishing slab export apple," *American Metal Market* (November 8, 2001) at 3. CST's cumulative loss for three quarters of 2001 was even higher. Hence, CST is clearly selling below cost.

went to the United States in the third quarter).<sup>69</sup> CST's average sales prices were \$174 per tonne in the third quarter as well as for the period encompassing the first nine months of 2001.<sup>70</sup>

Slab imports from Brazil in the third quarter 2001 almost equalled the total for the first two quarters of 2001 **combined**. Imports from other major slab suppliers, including Mexico, Russia, Australia, Ukraine, Japan, and South Africa (and even Finland) also showed dramatic increases in the third quarter 2001. *See* Table 3. Slab will continue to pour into the U.S. market at extremely low prices. Demand for slab in South East Asia remains extremely weak and Russian mills are offering slab at around \$150 per tonne c&f.<sup>71</sup>

## 2. Slab converters will not be unfairly penalized.

The domestic industry possesses plenty of available capacity to furnish slab to converters. For example, USS has "two blast furnaces now not operating {and} would love to bring them on and sell slabs."<sup>72</sup> Likewise, Weirton has a blast furnace down and could sell 400,000 to 500,000 tons annually of slab to other U.S. producers.<sup>73</sup> In addition, Geneva "could sell slabs at reasonable prices, meeting

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<sup>69</sup> CST's hot-rolled mill is due to start up in the first half 2002. To the extent this reduces CST's slab exports, Cia Siderurgica Paulista (COSIPA) is set to bring on line its new 2 million tonne per year continuous slab caster in December 2001. "COSIPA readies slab caster as export market clouds up," *American Metal Market* (November 7, 2001) at 1. The caster is expected to produce 1 million to 1.5 million tonnes per year of slabs for the export market beginning next year. *Id.* The slab exports, due to start early next year, would raise COSIPA's export levels to 45 percent of its total output. *Id.* at 12. Renato Vallerini, COSIPA's sales director, stated that in 2002, COSIPA plans to export 1 million tonnes of slabs, rising to 1.5 million tonnes per year from 2003. *Id.* Mr. Vallerini said the current slab export prices to the United States were \$155 fob and \$160-\$170 c&f. *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> "East Asia buyers trim Ukrainian billet prices," *Metal Bulletin* (6 December 2001) at 20.

<sup>72</sup> Remedy tr. 197 (Usher).

<sup>73</sup> Schagrin Posthearing Remedy Brief (November 13, 2001) Exhibit 5 (Affidavit of John Walker).

{CSI's} specifications of 50,000 to 100,000 tons of slab per month."<sup>74</sup> We note that Geneva's temporary closure was not because it is an inefficient producer. Indeed, confidential independent cost studies furnished to the Commission show that Geneva's production costs are extremely competitive. The domestic industry will sell slabs to converters as there is simply no market pressure in the near term to move slab production downstream internally into flat-rolled products.

A forty percent tariff on slab does not punish slab converters. Rather the tariff is essential to fair distribution of relief throughout the domestic industry. The tariff prevents low priced and dumped slab from vitiating relief. (Without a tariff remedy, yet another round of unfair trade cases will have to be filed against slab imports which are clearly dumped.) The slab converters will get the tariff benefit just like other flat-rolled producers on their finished products that are sold, but they will bring in their slab at a fair price. Without a meaningful slab remedy, the domestic hot-ends do not fill, vitiating both the intended volume and price effects. On the other hand, there is no slab tariff rate quota which could be devised which would not harm the rest of the members of the industry that are not importing slabs. With a tariff there will be no slab shortage, but there will be an increase in price.

Finally, there is nothing unique about slab feedstock which meaningfully differentiates it from other feedstock. Exemption of feedstock, whether it be slab, hot-rolled or cold-rolled would preclude adoption of any effective remedy.

**3. The U.S. industry has cut raw steel production, while outside North America, exporters have maintained or increased production.**

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<sup>74</sup> Remedy tr. 192 (Cannon); *see* Schagrin Posthearing Injury Brief (September 28, 2001) at 38.

Notwithstanding the universally acknowledged global over-supply of capacity, foreign producers are increasing, not decreasing, capacity for raw steel making capability as well as downstream processing operations.<sup>75</sup> While structural changes to worldwide capacity are recognized by all to be necessary, the focus in consideration of the remedy to be implemented should be the current raw steel production actions of steel producers.

U.S. crude steel output has declined 11.4 percent (almost 10 million tons) in the first ten months of 2001 as compared to 2000.<sup>76</sup> In contrast, Russian steel output in the same period had virtually no decline and Ukraine's output increased 8.6 percent. Similarly, the decrease in Japan's output was a modest 1.9 percent (1.7 million tons) and South Korea, India, Taiwan as well as China all increased production in this period by 1.3 percent, 1.3 percent, 2.7 percent, and 10.9 percent respectively.<sup>77</sup> Overall, world crude steel production declined a minute 0.6 percent (2.8 million tons) in the first ten months of 2001 as compared to the same period in 2000.<sup>78</sup>

At end of the POI, domestic raw steel capacity utilization was a low 75.8 percent. Since that date, raw steel output in the United States has declined even more. For the week ended December 29, domestic capacity utilization was only 63.7 percent. The domestic industry which produces slab is

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<sup>75</sup> The Commission's data collected from foreign producers indicate an increase in foreign production slab capacity from 289.3 million tons in 1996 to 312.5 million tons in 2000. SR at FLAT-33 (Table FLAT-30); Table 4.

<sup>76</sup> See "World crude steel output," *Metal Bulletin* (22 November 2001) at 18.

<sup>77</sup> *Id.*

<sup>78</sup> The apparent agreement in Paris to decrease production by ten percent over ten years should be compared to the action of the U.S. producers who have decreased production by more than ten percent in less than a year.



possibly the most fundamentally threatened of the flat products. Regardless of the price effects of downstream products on slab prices, the increased availability of low priced slab will force U.S. producers to close their hot ends. As expressed at the Commission hearings, the domestic parties favoring relief have a core disagreement with those opposing relief who assert that elimination of raw steel production in the United States is a good thing and reflects a positive adjustment to import competition. Failure to provide relief means that U.S. dependence on foreign steel sources will grow and at a rapid rate.<sup>79</sup> Contentions that the U.S. steel industry is attempting to place the adjustment burden entirely on other countries are simply disingenuous. To the contrary, the rest of the world and particularly the CIS and Asian countries have exported their problems to the United States.

In sum, while U.S. producers have substantially decreased production, foreign producers continue to flood the world markets with steel creating worldwide price pressures which have direct and indirect price effects in the U.S. market.

### **Conclusion**

The President should implement the relief on flat products recommended by Commissioners Bragg and Devaney.

Respectfully submitted,

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<sup>79</sup> This case does involve an evaluation of a basic premise -- Should we make steel in the United States and should the domestic industry build the most modern capacity in the world to serve market demand here in the United States? This question was forcefully answered at the Commission hearing: "I have a fundamental problem with people saying shame on you for introducing the best steel making technology in the world into your marketplace, a market of growing demand." Injury Hearing (Sept. 19, 2001) Tr. 442 (DiMicco, Nucor); *see id.* at 441 ("I would contend to you that they are way out of line. We do have a fundamental right to be able to grow into our growing market").

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Weirton Steel Corporation, and the  
Independent Steelworkers Union

# **APPENDIX**

**A. Increased Imports of Flat Products**

Imports of carbon and alloy steel flat products increased from 18,851,160 tons in 1996 to 25,822,437 tons in 1998, an increase of 36.98 percent. *See* Table 5. Non-NAFTA imports increased from 14,893,990 tons in 1996 to 21,659,576 tons in 1998, an increase of 45.42 percent. *Id.* Following relief provided in the first major hot-rolled case, imports did decline, but remained at relatively high levels, well above import levels of 1996 and 1997. *Id.*

Imports of slabs increased significantly since 1998, with certain source countries registering huge increases. Imports of slabs from Brazil rose from 1.65 million tons in 1998 to 2.65 million tons in 2000, an increase of 996,181 tons (60.4 percent). *See* Table 3. Imports from Russia increased from 275,472 tons in 1998 to 528,116 tons in 1999, and 750,679 tons in 2000, with a further 36.6 percent increase in interim 2001 as compared to interim 2000. *Id.* Slab imports from Mexico increased from 1.56 million tons in 1998 to 1.64 million tons in 2000. *Id.*

Imports of hot-rolled steel climbed from 5,265,087 tons in 1996 to 11,497,355 tons in 1998, an increase of 118.37 percent. *See* Table 6. Imports declined after the imposition of Hot-Rolled relief and surged from new source countries leading to a second imposition of Title VII relief. Even with this relief, imports remained at a high 7,459,644 ton level in 2000. *Id.* Moreover, new suppliers are increasing shipments to the U.S. For example, imports from Turkey went from less than 5,000 tons in 1998 to almost 50,000 tons in 2000. *See* Table 7. These imports increased one and a half times the full year 2000 level in just the first six months of 2001, reaching 128,000 tons in interim period. *Id.*

This remarkable increase demonstrates how rapidly countries formerly not in the market can become significant market players. Total imports as a ratio to U.S. production rose from 8.3 percent to 10.9 percent between 1996 and 2000, representing an increase of 31.33 percent. *See* Table 6. The ratio of non-NAFTA imports to U.S. production was 6.8 percent in 1996 and was 9.8 percent in 2000. *Id.*

Imports of cold-rolled steel rose from 2,591,374 tons in 1996 to 4,045,356 tons in 1998, an increase of 56.11 percent. *See* Table 8. Imports from non-NAFTA sources increased from 2,238,969 tons in 1996 to 3,698,876 tons in 1998, increasing 65.20 percent. *Id.*

After declining in the face of petitions for Title VII relief, the negative injury vote led to another surge in cold-rolled imports. Imports of cold-rolled from many countries have increased dramatically in the interim 2001 period, with Korea, Japan and Brazil showing substantial increases in interim 2001. Korea's share of cold-rolled imports went from 9.0 percent in 2000 to 13 percent in interim 2001, Japan's share went from 9.1 percent to 15.1 percent, and Brazil's share went from 2.0 percent to 8.2 percent. Table 9. As a ratio to U.S. production, non-NAFTA imports as well as total imports have increased over the POI, although their current levels are below the peak established in 1998. Table 8. The ratio of non-NAFTA imports to U.S. production was 6.5 percent in 1996 and was 7.2 percent in interim 2001. *Id.* Total imports as a ratio to U.S. production were 7.5 percent in 1996 and 8.4 percent in interim 2001. *Id.*

Imports of coated flat-rolled products from non-NAFTA sources have increased by 19.8 percent from 1996 to 2000 (1.3 million tons in 1996 to 1.6 million tons in 2000). *See* Table 10. The public import data for coated products indicate that imports have increased most dramatically from

countries with low unit values which often greatly undersold the domestic industry, such as Taiwan, Argentina, and India. Thus, imports of coated from Taiwan tripled from 64,581 tons in 1998 to 206,255 tons in 2000. Table 11. Imports from Taiwan continued their dramatic rise in interim 2001, rising 30.1 percent as compared to interim 2000 and reaching 11.5 percent of total imports. *Id.* Imports from Argentina went from less than 10,000 tons in 1998 to 81,867 tons in 2000. *Id.* Imports from India went from just over a thousand tons in 1998 to 26,000 tons in 2000. *Id.*

In 2000, imports of tin mill products from all sources had increased 30.5 percent relative to their levels in 1996. *See* Table 12. Imports from all sources rose from 444,684 tons in 1996 to 698,543 tons in 1999, an increase of 57 percent. *Id.* Imports from non-NAFTA sources increased by 50.54 percent, from 399,295 tons in 1996 to 601,105 tons in 1999. *Id.* Imports of tin mill products from Korea grew by 833 percent from 2,495 tons in 1999 to 23,270 tons in 2000. Table 13. The interim period indicates a greater increase of 195 percent (from 5,493 to 16,213 tons). *Id.* Imports from Brazil also increased by 331.4 percent from 1998 to 2000 (from 10,386 tons to 44,809 tons). *Id.*

## **B. Injury Data**

### **1. Operating Losses**

The domestic producers of carbon and alloy steel flat products have suffered deep and widespread operating losses. Due to the surge of imports, losses are generalized across all carbon and alloy steel flat products.

The Staff Report indicated that the vast majority of slab producers have reported operating losses. In 1996, 5 of 7 producers providing data reported losses. *See* Table 14. In 1999, 100 percent of the producers providing data reported losses. *Id.* Moreover, for every single year of the POI, the slab industry experienced losses. *Id.* The industry witnessed \$7.89 million in operating losses in 1996, but an astounding loss of \$34.70 million in 1999. *Id.*

In 1996, plate producers reported \$149.55 million in income. *See* Table 15. However, in 1999 the industry lost \$153.45 million, and in 2000 the industry lost \$140.71 million. *Id.* Moreover, in interim 2001, the industry lost \$108.36 million. *Id.* 11 out of 17 reporting producers experienced losses in interim 2001, compared to 6 out of 17 in interim 2000, and 9 of 18 for the entire year 2000. *Id.*

The domestic hot-rolled industry suffered a major operating loss of \$356.4 million in 1999 and \$221.6 million in 2000. *See* Table 16. The losses in interim 2001 grew to \$613.6 million. *Id.* The number of firms with operating losses has grown from 14 of 26 in 2000 to 19 of 25 in interim 2001. *Id.*

Although the cold-rolled industry was profitable for the first 3 years of the POI, it lost \$166.6 million in 1999 and \$116.0 million in 2000. *See* Table 17. In interim 2001, operating losses are enormous - \$368.3 million. *Id.* The number of firms reporting operating losses has grown from 6 of 23 in 1998, to 12 out of 25 in 2000, to 19 of 25 in interim 2001. *Id.*

The domestic industry of coated steel reported an aggregate operating loss in interim 2001 for the only time during the POI. *See* Table 18. After earning \$115.7 million in 2000, the domestic

industry's operating losses were \$255 million in interim 2001. *Id.* The number of producers reporting losses steadily increased during the POI. In 1996, only 3 out of 18 producers reported losses. In 1997 and 1998, however, 5 out of 20 producers reported losses. *Id.* While only 4 out of 21 firms had operating losses in interim 2000, that number had grown to 13 of 21 in interim 2001. *Id.*

The domestic industry of tin mill reported losses during every single reported period. *See* Table 19. The industry's operating losses were largest in 1999 and 2000. *Id.* The operating losses in interim 2001 were \$64.8 million and were 159.7 percent larger than the operating losses in interim 2000. *Id.* The data show that the number of firms reporting losses in interim 2001 was 6 out of 7, while in interim 2000, 3 of 7 firms reported operating losses. *Id.*

## **2. Idling of Production Facilities**

The domestic carbon and alloy flat products industry has suffered from a serious decline in capacity utilization that coincides precisely with the surge of low-priced imports. The impact of surging imports is generalized across all products. The Staff Report indicates that domestic slab industry capacity utilization rates dropped from a 94.8 percent in 1996 to 89 percent in 2000 and further dropped to 84.8 percent in interim 2001. *See* Table 20. Capacity utilization for U.S. producers of plate declined steadily and precipitously from 80.7 percent in 1996 to 60.7 percent for 2000. In interim 2001, capacity utilization fell to 63.7 percent, compared with 71.5 percent in interim 2000. *Id.*

The capacity utilization rates of domestic producers of hot-rolled steel has fallen from 91.7 percent in 1996 to 86.4 percent in 2000, and an even lower 82.9 percent in interim 2001. *Id.* A comparison of interim period data in capacity utilization show an 10.0 percent decline. *Id.* Capacity



utilization rates for cold-rolled, which were 88.0 percent in 1996, shrank down to 84.2 percent in 2000, and to an even lower 79.5 percent in interim 2001. *See* Table 21.

The trends for domestic producers of coated products were similar. Capacity utilization rates fell to 73.8 percent in interim 2001 from 86.5 percent in interim 2000, a 12.7 point decline. *See* Table 21.

Notwithstanding a decline in capacity, the tin mill industry also experienced a utilization decline. U.S. tin mill production capacity fell by 174,000 tons, or 3.7 percent from 1996 to 2000. *See* Table 21. In interim 2001, domestic capacity declined 9.3 percent as compared to interim 2000, from 2.28 millions tons to 2.07 million tons. *Id.* Nevertheless, capacity utilization rates fell to 71.98 percent in interim 2001 from 75.96 percent in interim 2000. *Id.*

### **3. Employment Levels**

Employment levels at slab-making facilities dropped from 19,413 workers in 1996 to 18,066 workers in 2000, to 16,798 in interim 2001. *See* Table 22. For the same period, employment levels at domestic facilities manufacturing plate declined from 7,319 workers to 6,281 workers and to 5,238 workers in interim 2001. *Id.*

Production workers at domestic facilities manufacturing hot-rolled steel declined from 30,796 in 1996 to 29,409 in 2000, and even further to 27,844 in interim 2001. *Id.* PRW's in the cold-rolled steel industry decreased by 2,429 in interim 2001 from 2000, from 26,507 to an all-time low of 24,078. *Id.* At facilities manufacturing coated products, employment levels also shrank substantially from 23,089 in interim 2000 to 21,490 in interim 2001. *Id.*

The number of production workers at tin mill facilities shrank from 7,536 workers in 1996 to 6,075 workers in 1999, a decrease of 19.4 percent. *Id.* In 2000, employment levels were down to 5,733 workers. *Id.* PRWs declined to 5,584 in interim 2001. *Id.*

#### **4. Impact on Investment and Expansion Projects**

The manufacturing of most steel products is a highly capital intensive undertaking. Companies require regular capital infusions for regular maintenance and the upkeep of existing capital stock as well as to purchase new equipment. Traditionally, the domestic steel industry has relied for these investments on retained earnings, debt, and equity. During the past decade, however, “all of these avenues have been constrained.” SR at OVERVIEW-36.

Because steel companies have had a difficult time earning a return on their invested capital, their debt and credit ratings have been repeatedly lowered since 1997. *See id.* at OVERVIEW-36, 37.

In addition, the industry’s capital expenditures declined sharply in the latter portion of the POI. Capital expenditures declined 24.5 percent between interim 2000 and interim 2001. *Steel* at 56 (Views of Commission). The domestic producers have been forced to cancel and reject efficiency-enhancement and product mix improvement projects, and to reduce the size of capital expenditures or eliminate them altogether and shut down facilities because of “the industry’s inability to attract equity or debt capital, and its high debt to equity ratio”. *See Steel* at 57 (Views of Commission).

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<b>Table 1</b> <b>Carbon and Alloy Steel Flat Products: Slabs</b> <b>U.S. Producers' commercial shipments data</b> <b>(Quantity = short tons, Unit Value = dollar per ton)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
U.S. Commercial Shipments	696,697	767,717	418,737	667,235	432,617	227,386	33,296
Unit Value of U.S. Commercial Shipments	\$248	\$251	\$250	\$215	\$214	\$224	\$205

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-16, Table FLAT-12

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<b>Table 2</b> <b>Carbon and Alloy Steel Flat Products: Slabs</b> <b>Import Unit Value</b> <b>(Unit Value = \$CIF per ton)</b>						
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>	<b>Jan.-Sept. 2001</b>
Australia	\$213.87	\$159.81	\$205.61	\$204.19	\$161.96	\$164.08
Brazil	\$220.22	\$165.55	\$219.49	\$214.22	\$185.32	\$178.18
Mexico	\$229.90	\$179.76	\$230.79	\$238.61	\$187.02	\$190.79

Source: Department of Commerce, Import Statistics IM145 Census

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**Table 3**

**Carbon and Alloy Steel Flat Products: Slabs**  
**U.S. Imports (Country Specific Data)**  
**(Quantity = short tons)**

	1998	1999	2000	Jan.-Jun. 2000	Jan.-Jun. 2001	July-Sept. 2001	Jan.-Sept. 2001
Australia	592,418	563,310	444,031	283,129	154,507	78,802	233,309
Brazil	1,648,897	2,815,276	2,645,078	1,505,350	726,404	656,851	1,383,254
Finland	32,549	36,461	45,550	27,528	12,384	13,822	26,206
Japan	137,094	408,037	318,008	180,175	81,708	73,023	154,731
Mexico	1,560,350	1,747,155	1,635,986	914,209	685,246	448,972	1,134,219
Russia	275,472	528,116	750,679	301,977	412,583	237,364	649,948
South Africa	84,183	0	33,483	33,483	109,937	41,584	151,521
Ukraine	315,914	355,136	670,389	393,786	22,053	82,964	105,018

Source: Department of Commerce, Import Statistics IM145 Census

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<b>Table 4</b> <b>Carbon and Alloy Steel Flat Products: Slabs</b> <b>All non-U.S. Countries' capacity and production data</b> <b>(Quantity = short tons)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Capacity	289,282,643	297,969,389	302,832,481	306,593,808	312,447,425	155,812,929	155,187,751
Production	257,776,514	282,056,910	274,624,364	279,308,556	299,560,427	150,315,298	147,949,845

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-33, Table FLAT-30

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<b>Table 5</b> <b>Carbon and Alloy Steel Flat Products: Total Flat</b> <b>U.S. imports</b> <b>(Quantity = short tons)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Canada	2,013,674	1,897,616	1,790,667	1,847,897	1,743,492	938,982	794,279
Mexico	1,943,496	2,290,308	2,372,195	2,707,655	2,466,828	1,430,384	1,052,256
Non-NAFTA sources	14,893,990	15,555,456	21,659,576	16,989,393	17,299,977	9,425,244	5,363,565
Total	18,851,160	19,743,380	25,822,437	21,544,945	21,510,296	11,794,609	7,210,099

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-7, Table FLAT-3

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<b>Table 6</b> <b>Carbon and Alloy Steel Flat Products: Hot-Rolled</b> <b>U.S. imports and imports as a ratio to U.S. production</b> <b>(Quantity = short tons, Ratio = percent)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Canada	742,053	573,574	554,435	610,362	459,954	227,729	238,127
Mexico	232,004	269,782	234,887	297,824	335,401	224,549	158,985
Non-NAFTA sources	4,291,030	5,673,944	10,708,033	5,610,258	6,664,289	3,977,260	1,362,547
Total	5,265,087	6,517,301	11,497,355	6,518,444	7,459,644	4,429,538	1,759,659
Ratio to U.S. production (percent)							
Canada	1.2	0.9	0.9	0.9	0.7	0.6	0.7
Mexico	0.4	0.4	0.4	0.4	0.5	0.6	0.5
Non-NAFTA sources	6.8	8.7	16.8	8.4	9.8	10.9	4.1
Total	8.3	10.0	18.1	9.7	10.9	12.1	5.3

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-10, Table FLAT-6

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<b>Table 7</b> <b>Carbon and Alloy Steel Flat Products: Hot-Rolled</b> <b>U.S. Import from Turkey</b> <b>(Quantity = short tons)</b>						
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>	<b>Jan.-Sept. 2001</b>
Turkey	4,612	24,798	49,661	9,001	127,732	138,868

Source: Department of Commerce, Import Statistics IM145 Census

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<b>Table 8</b> <b>Carbon and Alloy Steel Flat Products: Cold-Rolled</b> <b>U.S. imports and imports as a ratio to U.S. production</b> <b>(Quantity = short tons, Ratio = percent)</b>							
	1996	1997	1998	1999	2000	Jan.-Jun. 2000	Jan.-Jun. 2001
Canada	231,488	229,095	222,968	215,888	219,104	96,824	107,665
Mexico	120,917	160,133	123,511	148,086	206,291	126,258	104,745
Non-NAFTA sources	2,238,969	3,192,071	3,698,876	3,012,422	2,338,379	1,058,950	1,213,645
Total	2,591,374	3,581,299	4,045,356	3,376,396	2,763,774	1,282,032	1,426,055
Ratio to U.S. production (percent)							
Canada	0.7	0.7	0.6	0.6	0.6	0.5	0.6
Mexico	0.4	0.5	0.3	0.4	0.5	0.6	0.6
Non-NAFTA sources	6.5	9.4	10.4	8.0	6.2	5.3	7.2
Total	7.5	10.5	11.4	9.0	7.3	6.4	8.4

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-11, Table FLAT-7

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<b>Table 9</b> <b>Carbon and Alloy Steel Flat Products: Cold-Rolled</b> <b>Share of U.S. Import from Brazil, Japan and Korea</b> <b>(share = percent)</b>		
	<b>2000</b>	<b>Jan.-June 2001</b>
Brazil	2.01%	8.20%
Japan	9.07%	15.11%
Korea	8.97%	13.11%

Source: Department of Commerce, Import Statistics IM145 Census

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<b>Table 10</b> <b>Carbon and Alloy Steel Flat Products: Coated</b> <b>U.S. imports and imports as a ratio to U.S. production</b> <b>(Quantity = short tons, Ratio = percent)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Canada	624,363	613,019	601,487	552,281	583,794	319,073	262,584
Mexico	331,366	430,586	402,749	439,563	288,642	165,140	103,108
Non-NAFTA sources	1,324,578	1,337,437	1,291,992	1,666,725	1,586,893	792,463	617,022
Total	2,280,307	2,381,043	2,296,228	2,658,569	2,459,329	1,276,676	982,714
Ratio to U.S. production (percent)							
Canada	3.6	3.5	3.2	2.6	2.8	2.9	2.8
Mexico	1.9	2.4	2.1	2.1	1.4	1.5	1.1
Non-NAFTA sources	7.7	7.6	6.8	8.0	7.6	7.3	6.5
Total	13.3	13.5	12.0	12.7	11.8	11.7	10.4

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-13, Table FLAT-9

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<b>Table 11</b> <b>Carbon and Alloy Steel Flat Products: Coated</b> <b>U.S. imports (Country specific)</b> <b>(Quantity = short tons)</b>					
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Argentina	7,685	86,824	81,867	39,521	38,210
India	1,234	1,542	25,977	12,121	20,761
Taiwan	64,581	159,542	206,255	87,141	113,344

Source: Department of Commerce, Import Statistics IM145 Census

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<b>Table 12</b> <b>Carbon and Alloy Steel Flat Products: Tin</b> <b>U.S. imports and imports as a ratio to U.S. production</b> <b>(Quantity = short tons, Ratio = percent)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Canada	45,332	78,542	84,608	97,282	91,570	45,902	57,082
Mexico	57	21	286	156	39	0	0
Non-NAFTA sources	399,295	359,558	396,717	601,105	488,587	250,068	206,009
Total	444,684	438,121	481,611	698,543	580,196	295,971	263,091
Ratio to U.S. production (percent)							
Canada	1.2	2.1	2.4	2.8	2.8	2.6	3.8
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-NAFTA sources	10.8	9.5	11.4	17.3	14.7	14.4	13.8
Total	12.0	11.6	13.9	20.1	17.4	17.1	17.7

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-14, Table FLAT-10

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<b>Table 13</b> <b>Carbon and Alloy Steel Flat Products: Tin</b> <b>U.S. imports (Country specific)</b> <b>(Quantity = short tons)</b>					
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Brazil	10,386	27,222	44,809	21,725	24,988
China	0	3	326	0	7,856
South Korea	3,445	2,495	23,270	5,493	16,213
Taiwan	910	3,602	4,618	3,899	4,315

Source: Department of Commerce, Import Statistics IM145 Census

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<b>Table 14</b> <b>Carbon and Alloy Steel Flat Products: Slabs</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	(7,893)	(23,055)	(1,922)	(34,697)	(7,202)	(2,663)	(1,495)
Number of firms reporting							
Operating losses	5	6	4	5	8	6	5
Data	7	8	9	5	10	9	7

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-24, Table FLAT-20

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<b>Table 15</b> <b>Carbon and Alloy Steel Flat Products: Plate</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	149,550	115,838	186,341	(153,453)	(140,710)	(14,472)	(108,361)
Number of firms reporting							
Operating losses	3	3	3	7	9	6	11
Data	16	17	17	17	18	17	17

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-25, Table FLAT-21

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<b>Table 16</b> <b>Carbon and Alloy Steel Flat Products: Hot-Rolled</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	(38,872)	340,223	15,337	(356,357)	(221,560)	182,294	(613,649)
Number of firms reporting							
Operating losses	13	9	13	18	14	10	19
Data	24	25	25	26	26	26	25

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-26, Table FLAT-22

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<b>Table 17</b> <b>Carbon and Alloy Steel Flat Products: Cold-Rolled</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	315,994	377,296	169,210	(166,640)	(115,977)	87,229	(368,298)
Number of firms reporting							
Operating losses	5	4	6	11	12	10	19
Data	22	23	23	24	25	25	25

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-27, Table FLAT-23

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<b>Table 18</b> <b>Carbon and Alloy Steel Flat Products: Coated</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	756,581	959,837	748,785	529,409	115,746	285,817	(255,061)
Number of firms reporting							
Operating losses	3	5	5	5	9	4	13
Data	18	20	20	21	21	21	21

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-28, Table FLAT-25

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<b>Table 19</b> <b>Carbon and Alloy Steel Flat Products: Tin</b> <b>Results of operations of U.S. producers</b> <b>(Value = \$1,000)</b>							
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Jan.-Jun. 2000</b>	<b>Jan.-Jun. 2001</b>
Operating Income or (loss)	(88,638)	(30,429)	(77,997)	(140,677)	(119,441)	(24,959)	(64,818)
Number of firms reporting							
Operating losses	5	5	5	5	4	3	6
Data	7	8	7	7	7	7	7

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-29, Table FLAT-26

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<b>Table 20</b> <b>Carbon and Alloy Steel Flat Products: Slab, Plate, Hot-Rolled and Cold-Rolled</b> <b>U.S. producers' capacity, production, and utilization rate</b> <b>(Quantity = short tons; ratio = percent)</b>							
	1996	1997	1998	1999	2000	Jan.-Jun. 2000	Jan.-Jun. 2001
<b>Slabs</b>							
Capacity	66,925,161	69,746,463	73,344,000	74,252,269	75,066,950	37,464,305	36,558,833
Production	63,457,778	65,986,893	65,754,181	64,455,285	66,813,694	35,398,241	31,017,850
Utilization rate	94.82	94.61	89.65	86.81	89.01	94.49	84.84
<b>Plate</b>							
Capacity	7,391,464	9,179,593	9,973,865	9,237,459	10,551,572	4,833,514	5,116,835
Production	5,969,876	6,125,330	7,282,378	589,538	6,404,594	3,454,711	3,261,472
Utilization rate	80.77	66.73	73.01	63.82	60.70	71.47	63.74
<b>Hot-Rolled</b>							
Capacity	69,192,943	71,743,364	76,062,922	78,392,464	78,952,677	39,666,070	40,073,901
Production	63,476,549	65,111,144	63,644,097	67,034,929	68,231,538	36,534,368	33,217,812
Utilization rate	91.74	90.76	83.67	85.51	86.42	92.10	82.89

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-16, Table FLAT-12; FLAT-17, Table FLAT-13; FLAT-18, Table FLAT-14

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<b>Table 21</b> <b>Carbon and Alloy Steel Flat Products: Cold-Rolled, Coated, and Tin</b> <b>U.S. producers' capacity, production, and utilization rate</b> <b>(Quantity = short tons; ratio = percent)</b>							
	1996	1997	1998	1999	2000	Jan.-Jun. 2000	Jan.-Jun. 2001
<b>Cold-Rolled</b>							
Capacity	39,051,793	40,016,633	41,985,643	42,454,033	44,678,133	22,258,117	21,298,892
Production	34,378,774	33,953,172	35,423,140	37,590,345	37,626,027	19,937,466	16,942,813
Utilization rate	88.03	84.85	84.37	88.54	84.22	89.57	79.55
<b>Coated</b>							
Capacity	19,754,450	20,060,600	22,982,680	25,387,560	25,303,690	12,579,900	12,803,470
Production	17,131,014	17,595,498	19,077,330	20,858,349	20,789,317	10,885,261	9,449,439
Utilization rate	86.72	87.71	83.01	82.16	82.16	86.53	73.80
<b>Tin</b>							
Capacity	4,740,145	4,855,145	4,869,145	4,773,145	4,566,145	2,282,023	2,069,823
Production	3,712,688	3,770,043	3,473,771	3,474,863	3,329,528	1,733,488	1,489,852
Utilization rate	78.32	77.65	71.34	72.80	72.92	75.96	71.98

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-19, Table FLAT-15; FLAT-21, Table FLAT-17; FLAT-22, Table FLAT-18

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**Table 22**  
**Carbon and Alloy Steel Flat Products**  
**U.S. producers' employment data: Production Related Workers**  
**(Number)**

	1996	1997	1998	1999	2000	Jan.-Jun. 2000	Jan.-Jun. 2001
Slabs	19,413	19,154	18,662	18,231	18,066	18,193	16,798
Plated	7,319	7,328	8,947	6,147	6,281	5,331	5,238
Hot-Rolled	30,796	30,747	29,251	29,472	29,409	29,824	27,844
Cold-Rolled	26,273	26,138	25,938	25,352	26,507	26,344	24,078
Coated	23,679	23,715	24,619	23,657	22,449	23,089	21,490
Tin	7,536	7,074	6,322	6,075	5,733	5,884	5,584

Source: *Steel*, USITC Pub. 3479, Inv. No. TA-201-73 (December 2001) at FLAT-16, Table FLAT-12; FLAT-17, Table FLAT-13; FLAT-18, Table FLAT-14; FLAT-19, Table FLAT-15; FLAT-21, Table FLAT-17; FLAT-22, Table FLAT-18

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